

**5% Reduction Plan  
 Department of Labor & Industry**

Most agencies included their 4% Personal Services ongoing reduction plan as requested by the executive, in their 5% reduction plan. You will notice on p A-275, that "none of the items contained in the 5% reduction plan are included in the executive's proposed budget." However, the Dept of Labor & Industry (DLI) has indicated their intention was to have the 4% plan utilized as the basis of their 5% plan.

The 5% Plan as passed by the Joint Subcommittee earlier in the session, reduced the DLI General Fund budget request by \$230,862. This was comprised of five different items provided by DLI, one of which was:

\$78,910 reduction annually from the General Fund (\$157,820 for the biennium)

The 4% Plan included as DP 55400 (A-278) in the Governor's proposal included:

\$78,558 reduction in FY12 & \$78,358 in FY13 from General Fund (\$156,916 for the biennium)  
 -which included a permanent reduction of .88 FTE

The Subcommittee may want to consider:

- Substituting DP 55400 for the aforementioned portion of the 5% Plan (thereby reducing the FTE), and amending it to increase the total amount by \$904 to equal that of the 5% Plan. This will result in an identical fiscal impact, but will also permanently reduce the .88 FTE in the base.

**LFD  
 ISSUE**

The position specifically identified for reduction by .88 FTE in this proposal is identified as an Employment Specialist, and was a part of the executive's initial budget proposal. There are a total of 204 Employment Specialist positions within the Department. The compensation for this position is significantly higher than the other 203 positions.

The table below shows the extreme variation of this position as compared to the other 203 positions:

	<i>FY 2012 Salary</i>	<i>FY 2012 Total Compensation</i>	<i>FY 2013 Salary</i>	<i>FY 2013 Total Compensation</i>
Average of 203 Positions	\$34,956	\$48,865	\$34,822	\$48,841
4% proposal position	70,033	88,119	69,765	87,981
Alternate Maximum	43,639	61,027	43,472	60,876

Because this position was budgeted at a higher rate, fewer FTE are required to be eliminated to accomplish the 4% Personal Services reduction proposed by the executive. Using a position compensated similar to the average position above (Salary: \$34,957, Total Compensation: \$48,903), would require elimination of 1.53 FTE to accomplish the same Personal Services reduction.